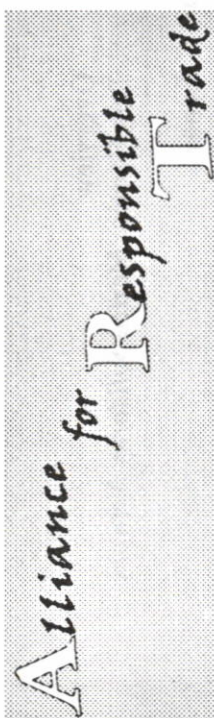


Free Trade Area of the Americas

How Will It Impact YOU?!



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Tel: 202-898-1566

Tel: 773-583-7728

Email: msn@mexicosolidarity.org
khk@developmentgap.org

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Overview

Free Trade Area of the Americas (FTAA) **=** **Corporate domination of the Americas** **+** **A Serious Threat to Your Democracy**

by Tom Hansen, Mexico Solidarity Network

The Free Trade *Area* of the Americas (FTAA), often described as NAFTA for the hemisphere, is a proposed "free trade" agreement that represents the next giant step in the process of corporate globalization. The FTAA began with policy initiatives formulated by former President Bush (not "W") called the "Enterprise for the Americas Initiative." President Clinton gave form to this proposal at the first Summit of Heads of State of the Americas in Miami in December of 1994. The summit's goal was to "create a single market from Alaska to Patagonia ... so as to integrate all countries of the continent into the global economy."

The FTAA includes every country in the hemisphere except Cuba. Negotiations are divided into nine distinct groups: Services, Investment; Government Procurement; Market Access; Agriculture; Intellectual Property Rights; Subsidies; Anti-dumping and Countervailing Duties; Competition Policy; and Dispute Settlement. Negotiating groups were proposed for Labor Rights and Environmental Standards, but never set up.

The FTAA would be much more than just a free trade agreement. Like NAFTA, the FTAA will likely give multinational corporations new legal rights, restrict the ability of governments to regulate in the public interest, and establish new rules for investment, trade in services, and public procurement. In short, it will in-

clude all of the interests of big business. The interests of working people, environmentalists, women, small business owners – the rest of us - will likely not be addressed in any significant way.

The FTAA will probably incorporate NAFTA's "investor-state" dispute settlement system, which allows corporations to sue governments directly. The FTAA may also adopt the World Trade Organization's strong "state-to-state" dispute settlement system, which allows WTO panels (composed of trade lawyers) to overturn nations' laws as "barriers to trade" and impose punitive tariffs on countries that do not change their laws. Through these suits, corporations can force governments to change environmental, labor and other laws, thereby circumventing democratic processes and overturning civil rights that often took decades of struggle to win. Ultimately, the FTAA could make it illegal for any country to create universal public health care or maintain public education.

What has NAFTA meant for the US, Mexico and Canada?

Since the FTAA will likely be based on the North America Free Trade Agreement, it is instructive to look at the impact of NAFTA since it was implemented in 1994. NAFTA allows for the uninhibited flow of money and goods between Mexico, the U.S. and Canada. It provides an enormous legal framework protecting the interests of multi-national corporations and international capital, but provides no meaningful protection for the rights of working people, small businesses, small farmers, immigrants or the environment.

While NAFTA has been very good for the bottom line of large trans-national corporations, it has been a disaster for working people. Since NAFTA was signed on January 1, 1994, the United States has lost at least 400,000 industrial jobs. These were generally union jobs with decent pay and benefits. Typically workers who lose these jobs find new work that pays only 70% of their former salary.

Resources

- Alianza Chilena por un Comercio Justo y Responsable: members.tripod.com/~rededhile/index.htm
- Alliance For Responsible Trade: www.art-us.org
- AmericasCanada.Org: www.americascanada.org/eventiab/menu-e.asp
- Center of Concern. Women's Project: www.coc.womenpro.htm
- Center for Economic Policy Research: www.cepr.net/FTAA/ftaahome.htm
- Center for International Environmental Law: 204.127.239.82/iae.html
- Coalition to Shutdown the OAS/FTAA: www.tao.ca/~stopftaa/
- Common Frontiers-Canada: www.web.net/comfront/
- Corporate Watch : www.corpwatch.org/trae/
- Economic Policy Institute: www.epinet.org/
- Friends of the Earth: www.foe.org
- Foreign Policy In Focus: www.foreignpolicy-infocus.org/
- FTAA Official Site: alea-ftaa.org/alea_c.asp
- Hemispheric Social Alliance: www.asc-hsa.org
- ILRF: www.laborrights.org
- International Gender and Trade Network: www.genderandtrade.net
- Inter-American Development Bank: www.iadb.org/extr/ENGLISH/index_english.htm
- International Confederation of Free Trade Unions - ICFTU: www.icftu.org
- Interhemispheric Resource Center: www.irc-online.org/
- Institute for Policy Studies: www.ijs-de.org/
- Mexico Solidarity Network: www.mexicosolidarity.org
- Millennium Round Links: members.iinet.net.au/~jenks/andreas.html
- OECD Trade: www.oecd.org/ech/
- Office of NAFTA and Inter-American Affairs: www.mac.doc.gov/FTAA2005/
- ORIT - Interamerican Regional Workers Association: www.ciosl-orit.org/
- People's Summit: www.peoplesummit.org
- Public Citizen Global Trade Watch: www.citizen.org/pettrade/tradehome.html
- Red Mexicana de Accion Frente al Libre Comercio: www.rmalec.org.mx/
- SICE - OAS Foreign Trade Information System: www.sice.oas.org/
- Summit Of the Americas Center SOAC: www.americasnet.net/Trade/index.htm
- United States Trade Representative - USTR: www.ustr.gov
- Womens EDGE: www.womensedge.org

4. Close the Gap Between and Within Rich and Poor Countries

While the European integration process included the establishment of massive structural funds and labor mobility to equalize conditions among the member countries, debt reduction measures might be more relevant in this hemisphere.

"In the Western Hemisphere, the most effective way to level the playing field would be through a substantial reduction of the debts owed by low-income countries. Therefore the FTAA should include the negotiation of a reduction of the principal owed, lower preferential interest rates, and longer repayment terms. Orthodox structural-adjustment conditions demanded by the World Bank and the IMF should be abandoned as they have manifestly failed to resolve the debt crisis and have caused enormous hardship for the poorest sectors of the population." (p. 36)

5. Ensure Food Security and the Right to Development Planning

Access for foreign products and investments should be negotiated with due concern for national development plans and priorities. Protection of critical sectors, such as food production, must be the right of each country so as to ensure the rights and well being of all people.

"Countries should assume the responsibility to ensure food security. In the negotiation of international trade agreements, they should have the right to protect or exclude foods, such as corn, which form the basic diet of their people." (p. 42)

"The key is for nations to open themselves to the world based on their own plans for fair and sustainable development led by democratic governments, rather than leaving the future of such development to market forces." (p. 26)

A complete version of "Alternatives for the Americas" is available at www.asc-hsa.org.

Corporations often find it "cost-effective" to move their operations to Mexico, where more the 2,700 maquiladoras (assembly sweatshops producing for export) have been established since 1994. Over 1.3 million Mexican workers, mostly young women, toil in these maquiladores for wages that average 50 cents an hour. Without representation by democratic unions, these workers have no job security or benefits, and are often subject to sexual harassment and unsafe working conditions. The result is a race to the bottom, where workers in both countries suffer depressed wages, worsening work conditions and lack of job security.

Even in the case of Mexico, NAFTA has resulted in a net loss of jobs, as farmers and small businesses can't compete with transnational corporations. Since 1994, the purchasing power of the poorest 2/3 of the Mexican population has decreased by an astounding 30%, and more than half of the population is unemployed, employed part time or working in the "informal sector" (i.e., selling gum on street corners). In the United States, even in the midst of an "economic boom," the standard of living of the poorest half of the population is declining. This is the real meaning of corporate-centered globalization, NAFTA and the FTAA.

Perhaps the most frightening aspect of NAFTA (and something that will probably be even worse under the FTAA) is the threat to democracy. Trade bureaucrats who are responsible to no one are empowered to make far-reaching decisions that often result in local, state or federal laws being overturned. Labor rights and local democratic controls that often took decades to win through grassroots struggles are being overturned. Corporate rights are superseding basic human rights.

Metalclad in Mexico

In January of 1997, Metalclad Corporation filed a complaint under NAFTA alleging that the Mexican state of San Luis Potosí violated a number of provisions when it prevented the company from opening its waste disposal plant. Metalclad took over the

facility, which had a history of contaminating local groundwater, with the obligation that it clean up preexisting contaminants. After an environmental impact assessment revealed that the site lie atop an ecologically sensitive underground stream, the Governor refused to allow Metalcad to reopen the facility. Eventually, the Governor declared the site part of a 600,000 acre ecological zone. Although Metalcad never received the necessary local permits, the company claims that this action was effectively an expropriation and won \$16.7 million in damages.

Ethyl Corporation in California

In April 1997, Canada imposed a ban on the gasoline additive MMT. Some U.S. states also ban MMT, whose primary ingredient, manganese, is a known human neurotoxin. Ethyl responded to Canada's public health law with a \$250 million lawsuit claiming the law violated its investor protections under NAFTA. Ethyl argued that the law was an "expropriation" of its assets because it would eliminate profits Ethyl expected to earn through Canadian sales of the additive. The Canadian government settled the suit, agreeing to pay Ethyl \$13 million in damages and to cover the company's legal costs. It will also proclaim publicly that MMT is "safe" – contradicting the position of its national environmental protection agency.

If the FTAA is such a big deal, why haven't I heard about it?

The FTAA has been negotiated in secret since 1994. Some FTAA negotiating documents were finally made public in July, 2001, after repeated demands by non-governmental organizations. The FTAA will effect every man, woman and child in this hemisphere for generations to come, yet the public is still not allowed access to negotiations or working documents. One of the demands of NGO's throughout the hemisphere, including the Alliance for Responsible Trade in the US, is a transparent and open process.

Only one group consults regularly with these economic minis-

The enforcement of core labor and environmental rights and standards should be at the center of any new agreements. Labor rights protections must extend to all workers, regardless of their immigration status, gender, or race. Experience around the world demonstrates that these standards will not be protected if they are left to market forces or relegated to unenforceable "side agreements."

"The commitment to apply and respect basic workers' rights should be included in any hemispheric agreement as an obligatory requirement for membership in the accord." ("Alternatives for the Americas," p. 19)

"The precedence of environmental accords signed by governments of the Americas should be established in the negotiations around, and agreement on, investment and trade. Environment and sustainability should not be limited to a single area of economic-financial accords, but rather be addressed as an overarching dimension and perspective throughout any such agreement." (p. 15)

"All governments should sign and/or ratify the 'International Convention on the Protection of the Rights of All Migrant Workers and Members of Their Families' (1990) and a similar instrument should be created for the Americas. This convention...must be a part of the international legal framework for all trade and financial negotiations." (p. 25)

3. Shift Finance from Speculation to Long-term Investment in Productive Activities

Governments should be encouraged to adopt new local, national and global rules to discourage harmful speculative activity, including speculation on currencies, and to encourage lasting investments in productive and sustainable local economic activities.

"National authorities must have the ability to regulate flows of 'hot' money into and out of their countries...there is consensus on the need to give priority to direct and productive investments, as-sure that investments are long-term, and prevent instability that can cause their rapid flight." (p. 36)

Alternatives for the Americas

— What We Are For —

This statement highlights major points from "Alternatives for the Americas," a 50-page document that outlines concrete and viable alternatives to the Free Trade Area of the Americas (FTAA) based on the interests of the peoples of our hemisphere. The document was developed collaboratively by international activists and scholars and sponsored by five citizen's networks from four countries. The U.S.-based Alliance for Responsible Trade drafted this summary statement with the hope that it may be useful in facilitating discussions and informing campaigns related to the upcoming debates over fast-track trade authority, the FTAA and other trade and investment issues.

GOAL

Integration needs to shift from an emphasis on exports based on the exploitation of natural resources and workers to sustainable economic activity that roots capital locally and nationally and promotes human rights. An alternative approach to hemispheric integration should be based on the following pillars:

1. Give the People a Voice

We support the development of a democratic and accountable process for negotiating trade and investment agreements in the United States and throughout the hemisphere. Such a process must replace the current control of the economic integration agenda by major corporations and the U.S. Executive Branch (through fast-track authority).

2. Strengthen Environmental Standards and Labor Rights Protections for All

ters - *America's Business Forum*. Corporate leaders from throughout the hemisphere (the vast majority are from US-based trans-nationals) meet regularly with FTAA negotiators. Top US trade officials readily admit that they see their job as primarily to represent the interests of US industry. A few representatives from non-governmental organizations have been brought into the FTAA process, but they are sworn to secrecy under criminal penalty, prohibiting communication with their organizations or the public. Multi-national corporations are literally writing the FTAA document. The future of 700 million people is being decided by a handful of bureaucrats and corporate leaders. Is this democracy?

Labor

How will the FTAA impact labor?

by Thea Lee, *AFL-CIO*

The FTAA will have a dramatic impact on the lives of working men and women in the hemisphere. An FTAA modeled on NAFTA would expand corporations' legal right to establish themselves where they choose, and would allow companies to exercise this right, and profit from tariff reductions, regardless of how they treat the workers who make their products. Governments strapped for dollars to pay off external debts may find that heightened competition to attract foreign capital, increase exports, and stave off import competition influences their decisions about whether to enact and enforce strong protections for workers' rights. What would this mean for workers?

If workers demand fair wages, safer working conditions, non-discriminatory treatment, or the right to form a union, their employer could pick up and move to a country where workers are not allowed to exercise these rights. In response, some governments might find that failing to protect workers' rights is lucrative in the short term if it attracts foreign investment and does not hurt trade competitiveness. Cornell professor Kate Bronfenbrenner found evidence that NAFTA had precisely this effect: in union organizing campaigns at manufacturing plants she studied in the U.S. after NAFTA's passage, 71% of the employers threatened to close the factory if workers formed a union. Bronfenbrenner found evidence that these threats had their desired effect, reducing the rate of success in union organizing drives. Employer mobility can also reduce employment and keep wages artificially low in the most mobile sectors, hurting workers and their families and increasing inequality in the economy. If the FTAA makes it cheaper, easier, and less risky for companies to move anywhere in

How can I join the struggle against the FTAA?

- 1) Educate people in your community. Popular education materials are available from the Alliance for Responsible Trade. Contact ART at msn@mexicosolidarity.org or call 773-583-7728.
- 2) Join a local organization that is struggling against the FTAA or form your own committee. Contact ART for help with local organizing.
- 3) Set up meetings with you local editorial board, and your Senators and Representatives.
- 4) Work with city council members and state legislators to promote resolutions condemning the FTAA.
- 5) Join the Alliance for Responsible Trade. For more information contact ART at msn@mexicosolidarity.org or call 773-583-7728.

Alternatives

Is there an alternative to the FTAA?

by the Hemispheric Social Alliance

The Hemispheric Social Alliance is a coalition of national networks representing 19 countries in the western hemisphere. Since 1992 the Alliance has been working on alternatives to free trade. The result is a collaborative document - "Alternatives for the Americas." The document has gone through four drafts and includes extensive input from civil society throughout the hemisphere. The alternatives document outlines an alternative to corporate globalization, in which working people enjoy more legal protection than corporations or capital. The document calls for: 1) direct involvement of civil society in negotiating international trade treaties, 2) strengthening environmental standards and labor rights, 3) shifting finance from speculation to productive activities, 4) closing the gap between rich and poor nations, and 5) ensuring food security and the right to development planning. A summary of the alternatives document is available at <http://www.art-us.org> and the complete document is available at <http://www.web.net/comfront/alternatives.htm>

the hemisphere and abuse workers' rights with impunity, Brazilian, Chilean, and Salvadoran workers will also find that their employers have new power to ignore worker demands and threaten workers' rights.

Worker Dislocation

NAFTA-style trade and investment liberalization not only gives employers new tools and governments new incentives to repress workers rights, but it can also result in economic dislocation for workers. Forcing domestic industries to compete with new streams of imports is one of the goals of freer trade, and in theory it should lead to greater economic efficiency after a period of economic adjustment. But it is the workers employed in these sectors who must bear the brunt of the costs of adjustment, as farmers in rural Mexico and auto-workers in the mid-western United States did under NAFTA. Many displaced Mexican workers continue to seek a better life in Mexico's maquiladora zones or in the United States, only to find their rights seldom respected and their employment precarious. The FTAA should ensure that adjustment and re-training assistance for these workers is provided, and it should create fair rules that allow all countries to protect threatened industries from sudden import surges.

Financial crises are another source of insecurity for workers in the hemisphere. Mexican workers are still feeling the effects of the 1995 peso crisis: real wages are down almost 30% from their pre-NAFTA level and unemployment, inequality, and poverty remain high. The FTAA should allow governments to control speculative capital flows instead of giving investors the right to move vast amounts of short-term capital around the hemisphere indiscriminately. Long-term, productive, and responsible investment promotes economic development - volatile, short-term speculation does not.

Public Regulations Challenged

Another feature of NAFTA that negotiators are seeking to incorporate into the FTAA is the set of limits it places on permissible federal, state, and local regulation. These rules guarantee that

multinational corporations can challenge domestic laws that they think unfairly reduce the value of their investments or are otherwise overly burdensome. Absent sufficient safeguards, laws enacted to protect public health and safety, preserve the environment, defend human and workers' rights, and guard against consumer fraud can be challenged under these rules.

NAFTA allows international investors to challenge these laws in an international tribunal without having to go through domestic courts first. Other members of the public do not have a right to participate in or even get full information about these cases until an award has been issued. Under NAFTA, investors have challenged proposed Canadian measures designed to reduce cigarette smoking, a California law regulating a harmful fuel additive, a US jury award of damages for fraud, and a Mexican state's decision to create an ecological reserve on the site of a waste treatment facility. These cases affect workers as consumers and concerned citizens. Future cases may affect how governments regulate the workplace and employer behavior.

The FTAA might also include NAFTA provisions that limit how governments procure and regulate public services. NAFTA does not allow governments to buy goods or services based on anything but commercial criteria, i.e., governments cannot refuse to buy products made with child labor, from regimes that routinely abuse human rights, or from companies that violate basic labor and environmental standards. These rules also limit how a government provides services like health care and education in competition with the private sector. Governments may be barred from giving special support to their public service providers, such as education, unless the same support is offered to private foreign corporations. Thus the FTAA could hurt public employees as well as the large number of workers who rely on the availability of affordable, high-quality public services.

A Better Way?

The FTAA will impact many aspects of workers' lives: their freedom to exercise their fundamental human rights at the workplace, the security and equity of their country's economy, the safety and

Unfortunately, as people become more insecure about their own economic livelihood, coupled with a lack of knowledge of the mechanisms behind the changing economy, they tend to look for scapegoats. The immigrant community has borne the brunt of scapegoating in the United States, and the result has been a militarized border and the criminalization of immigration. Policymakers responded to peoples' fears, and built walls along the southern US border and detention centers to imprison immigrants. They limited access to asylum, increased border patrols at an unprecedented rate resulting in more immigrant deaths at the border, stripped away U.S. social welfare, and increased workplace raids that target undocumented immigrants, legal residents, and US citizens of color. In fact, migrant deaths at the border increased by a staggering 500% since 1994, the year NAFTA and Operation Gatekeeper, a strategy aimed at blocking traditional border crossing routes, commenced in California. As long as immigrants are blamed for the economic insecurity of the US working class, it will be difficult to build support for immigrant rights. Instead of leading all workers towards more economic security, the FTAA, if crafted like NAFTA, will deepen the economic crisis of the working class and the lack of support for the basic rights and dignity of immigrants, both undocumented and documented. This criminalization of immigration is shortsighted policy that caters to anti-immigrant sentiment and fails to look at the root causes of migration and the relation between the current trends in free trade, corporate globalization, and labor immobility.

In conclusion, trade agreements cause an increase in migration, perpetuate an inequality of mobility, and increase economic insecurity for the working class. Immigrants are key stakeholders in civil society and their voice is needed in constructing a peoples' alternative to the FTAA. In response to both the proposed FTAA and the correlating criminalization of immigration, we need to facilitate the public's understanding of the link between trade policy and domestic immigration policy, and to develop solid alternatives that promote a trade policy that facilitates sustainable and equitable development for all.

producer over another. Again, after the passage of NAFTA, many local producers (both small farmers and other small businesses) in Mexico were subject to competition with large corporations who have a competitive advantage due to their size and their access to capital. Thus many local producers lose their livelihood and are forced to migrate in search of employment.

Since the passage of NAFTA, working conditions in the factories (maquiladoras) along the US-Mexico border have deteriorated. The Comité Fronterizo de Obreras (CFO) recently conducted a study to investigate NAFTA's effect on life in the maquiladoras. Their research cites an increase in campaigns to undermine labor rights and social protections, as well as extensive use of child labor, an intensification of the labor process, and the destruction of the border area with toxic industrial waste since the passage of NAFTA in 1994. In addition, the Mexican peso devaluation in December 1994 that left less buying power in the hands of Mexicans, combined with the passage of NAFTA that same year, increased the cost of living in Mexico by a frightening 247% while wages have decreased by 30%. Who wouldn't migrate?

Another major concern with respect to the FTAA is the inequality of mobility. As Maria Jimenez from American Friends Service Committee has pointed out, free trade agreements provide "legal flexibility for the exit and entrance of government officials, business owners, executive administrators, and ... technical labor, while limiting that of low-skilled labor and the international working poor or internationally displaced who are poor." While investors are free to move products, services, and capital across borders, workers who move – whether in response to crisis or opportunity – still face legal restraints. In fact, the free trade theory that many cite as the rationale for agreements such as NAFTA and the FTAA actually requires that workers have the freedom to search for employment across borders. But agreements like the FTAA open borders to goods and services without recognizing the need to allow for increased labor mobility at the same time. The agreement thus serves to further solidify structures that perpetuate inequality and poverty.

quality of the environment in which they live and the products they consume, and the ability of their governments to effectively regulate in the public interest. Workers in the hemisphere can benefit from closer economic integration, but to succeed it must be based primarily on respect for human rights, solidarity, and social justice, and not exclusively on the protection of corporate rights and commerce.

Gender

How will the FTAA impact women?

by Marceline White, *Women's EDGE*

In 1993, when NAFTA was debated in halls of Congress in the United States, proponents of the trade agreement touted its benefits for workers in the United States, Mexico and Canada. Today, the results of economic integration (or free trade) in the hemisphere are evident. NAFTA has benefited corporations and large agricultural firms, but for working people, free trade has increased poverty and precariousness throughout the region.

"Every year we get poorer and poorer, even though we create more and more wealth," said Gustavo Elizondo, mayor of Ciudad Juarez, a town on the US-Mexico border. Over 50,000 people emigrate there each year to seek work in maquiladoras, assembling products for the United States and other wealthy markets. The city is a boom town for corporations, but 12 percent of people living on the border have no access to clean water, while a third live in homes that aren't connected to sewage systems.

Now, the United States is leading efforts to expand this NAFTA model to the entire Western Hemisphere (except for Cuba). For women, these new trade agreements bring with them particular challenges. Women and their children make up more than 70 percent of the world's poorest people. Women are disproportionately poor in part because social and cultural discrimination means that women do not receive as much education, technological training, credit or land as men do. In addition, many societies believe that there are only certain jobs that women can do, so women are not hired for many jobs even though they are qualified. Because

Immigrants

What is the impact of the FTAA on immigrants?

by Maureen Heffern Ponicki, AFSC

The flow of goods across borders and the sale of services by foreign businesses have expanded greatly in recent years due to innovations in technology, reductions in the cost of communications and transportation, and the implementation of "free trade" agreements. The proposed FTAA is just one component in this increasingly interconnected global economy. Yet this proposed agreement is unprecedented in its reach into many aspects of our lives. Immigrants are one of the groups that will be disproportionately hit. For various reasons that are outlined below, trade agreements increase the pressure on people to migrate. Trade agreements also liberalize the mobility of capital across borders, yet do not afford people, especially the poor and working class, that same right. Furthermore, immigration has become increasingly criminalized in the United States and immigrants are frequently targeted as scapegoats for the economic insecurity of the global economy. The FTAA proposes to liberalize public services, which will impact all of us, but especially the poor, many of whom are immigrants. Lastly, the FTAA would expand the power of private corporations at the expense of people.

To begin to understand the relationships between the FTAA and immigrants, let us first look at how trade agreements cause migration. The most straightforward relationship is the removal of tariffs and subsidies. When Mexico removed controls on corn imports, US corn flooded the Mexican market, forcing about a million small farmers off their land. Under the heading of "competition policy," and with a goal of increasing competition, trade agreements such as NAFTA, and presumably the FTAA, eliminate other types of policies or regulations that may favor one

tries of the hemisphere. Moreover, the negotiations must be transparent to all stakeholders and to their duly elected officials. Only then can the citizens hold their governments accountable for their actions. Faith communities in solidarity with all citizens need to use their moral suasion in each country of the Western Hemisphere to demand that all trade negotiations be participatory, transparent and accountable by:

- Engaging the members of the communities in demanding democratic processes at all levels of government, local, national and regional;
- Addressing directly government at all levels on the current undemocratic trade negotiations.

women are considered "secondary" wage-earners, they are the last hired and the first fired. Finally, women still do the bulk of "reproductive" work - caring for their families, preparing meals, and keeping the household clean and functioning. This invisible work means that women have less time for leisure, or to seek new jobs or gain new job skills.

Although NAFTA has helped some women gain secure jobs and improve their lives, the majority of low-income women remain mired in grinding poverty. Although women have a large stake in the outcome of trade negotiations, trade negotiators ignore women's specific needs and concerns when negotiating new agreements. Consequently, the FTAA agreement is likely to increase the gender gaps between men and women and increase poverty for many women in the Americas.

Farmers

According to a report by the International Fund for Agricultural Development (IFAD), despite overall economic growth in Latin America, rural poverty has grown 10 to 20 percent in the past three years. More than 90 million Latin American and Caribbean farmers live below the poverty line, while 47 million live in extreme poverty. The report notes that women are the sole heads of eight to ten million households in the region, two to three million women are employed as seasonal wage-laborers, while 30 to 40 million women are responsible for their household's farming activities and small rural industries. Women seasonal laborers are likely to be much poorer than others and to compete against one another for jobs, thereby driving down wages. In addition, casual and seasonal work means that the poor spend more of their time seeking work than the non-poor - though much less of their time in long-term unemployment.

Agriculture agreements under the FTAA may increase food insecurity in Latin America and the Caribbean. Currently, there are more subsidies and supports for developed countries than for developing ones. The FTAA is likely to increase dependence on food imports and decrease countries self-sufficiency.

Workers

In Latin America, women account for 70 to 90 percent of workers in the export-processing zones (EPZs) where they assemble garments, textiles and electronics for export. In Ciudad Juarez, Mexico, women earn \$4 a day, not a "living wage" in a border town where prices tend to be close to US prices.

Foreign firms show a preference for women workers in part because women will accept lower wages than men. Moreover, women tend to be willing to work under worse conditions than men are (for lack of other alternatives). Many workers earn as little as 56 - 77 cents an hour and often work 50 - 80 hours a week. Women workers in many factories have reported physical abuse, sexual harassment and violence. Mandatory pregnancy testing is often a condition for employment. Promotion to higher-level jobs is almost non-existent.

Discrimination is now leading to job loss for women EPZ workers. As export production becomes more specialized (and better paying), there is an increased demand for men's labor. In Mexico, the proportion of female workers in export manufacturing fell from 77 percent in 1982 to 60 percent in 1990. Without adequate training and support to upgrade women's skills, any benefits that women gain from this employment are short-lived.

The FTAA will likely not include measures to support training to upgrade women's skills. At the same time, the FTAA agricultural agreement may lead to falling prices for crops, thus driving more women into maquiladoras as a "survival strategy" to meet their families basic needs. In addition, if other countries compete with Latin America and the Caribbean to attract multi-nationals, wages may drop further. The FTAA will likely not include mechanisms to hold corporations accountable for their actions.

Consumers

The public service sector has been associated with more highly skilled and waged jobs for women. Women have worked as nurses, doctors, administrators, teachers and social workers. Pri-

To continue to foster the development of authentic solidarity across the hemisphere calls the Faith Communities to be more intentional and inclusive by:

- Deepening and expanding the **theological and religious** meaning of solidarity;
- Focusing reflections and sermons on **authentic solidarity** in the age of globalization;
- Using current church networks and structures to extend solidarity to ecumenical, interfaith and civil society groups in efforts to transform current **directions of trade and investment** policy;
- Use educational outreach to **ensure** that members of faith communities are informed and involved in the discussions of just trade and investment **policy** at all levels throughout the hemisphere.

Moral power to challenge governments

The voice of Faith Communities brings the great power of moral authority to discussion of economic and social justice in public and economic policy. The critique of trade liberalization and its negative impact on peoples' lives and well-being is strengthened when it is put in the context of religious vision and moral values. Individual voices are magnified by the communities of faith.

The current closed nature of the development of trade policy and trade negotiations prevents open and democratic debate on the directions of globalization and economic integration. FTAA negotiations have been closed to public scrutiny and debate. Even members of Congress and Parliaments across the hemisphere are not informed. It is fundamentally an undemocratic process, which will affect the lives and well-being of all.

The first and essential task is to insist that the FTAA debates and negotiations be open to greater citizen participation in all coun-

- Respect for the rights of people and local communities to sustainably develop their resources and productive capacities.

In judging economic policy, a guiding principle is that people are not for the economy - the economy is for people. All economic decisions must be judged by their effect on all the people, especially the most vulnerable. No child of God is unimportant or dispensable. Economic justice, which supports the common good, is essential to truly human life and community. In the era of globalization, the common good is not only local and national - it is global.

Living solidarity among peoples across the Western Hemisphere
Faith communities offer viable and living opportunities to foster solidarity among the peoples of the Western Hemisphere. The faith groups are usually connected to each other by internal structures and are often connected across national boundaries. Many communities are engaged in ecumenical and interfaith work for social and economic justice. They are already engaged in solidarity work with peoples in a variety of settings, recognizing that the human family is one, sisters and brothers to each other.

The age of globalization and economic integration challenges communities of faith to continue to expand both their understanding and the boundaries of their solidarity. The economic and political powers of the world are fostering a vision and structure of economic globalization that is driven by self-interest, competition, inequality, litigiousness and punitiveness. The faith community must counter that direction with a vision and structure of solidarity, which recognizes the unity and community of the human family across national boundaries, race, ethnicity, class, gender, culture and religious faith. Religious solidarity embraces the reality that peoples' lives and well-being are deeply connected across all boundaries; that only together can we flourish as individuals and as nations. Without such solidarity, the human family is plunged into divisions, inequalities, social disintegration, violence, and in its extreme, terrorism and wars.

vatization of social services has already been mandated for many indebted countries through the IMF and World Bank. These privatization plans have disproportionately affected women. Women workers have been the first fired under privatization. In 1991, after Nicaragua agreed to an IMF privatization plan, they laid off government workers, particularly in the health and education fields. More than 70 percent of those laid off were women. New jobs in health care and education tend to command lower wages, few benefits and little job security. Privatizing basic services will affect women consumers who cut back on doctor's visits, schooling or other basic needs if the cost becomes too great.

Water may be privatized as part of the FTAA, which has serious health implications for women and children. If the price of water is too high for poor families as a result of privatization, women may resort to either rationing water for their families or substituting unsanitary water for clean water when necessary. Unclean water is a leading cause of child mortality and illness in developing countries. Recent IMF-led water privatization in Cochabamba, Bolivia, led a mother of five to choose between food and water when her water bill rose from \$5 to \$20 a month. That \$15 increase had previously been the means to feed her family for a week and a half. To pay her water bill, she had to reduce the amount spent on food and clothing for her family.

Environment

How will the FTAA impact the environment?

by David Waskow, *Friends of the Earth*

The FTAA will likely have a major impact on the environment in two ways: first, by undermining environmental laws and placing intense pressure on governments to lower or freeze their environmental protections; and second, by directly encouraging unsustainable trade expansion in natural resource and other environmentally sensitive sectors.

The FTAA will reinforce existing World Trade Organization (WTO) rules that have made it difficult – and sometimes impossible – for countries to protect the environment. For instance, countries would be required to meet certain scientific burdens of proof in setting their environmental measures for distinguishing among products, and would have to prove to an international tribunal that their laws and regulations are “necessary.” Moreover, countries would lack the right to use the precautionary principle in setting standards when the level of environmental risk for a product is not yet fully understood. In sum, the new global standard forces consumer to prove a product is unsafe for health and the environment, rather than requiring that the producer ensure its safety.

The FTAA could go far beyond the World Trade Organization in undermining environmental protection. The FTAA will likely include a set of investment provisions like those in NAFTA that give multinational corporations rights that are far broader than any provided under domestic US law. For example, a Canadian company is currently suing the United States under NAFTA for

that the process of economic decision-making be transparent, participatory and accountable to citizens across the hemisphere.

Religious vision and moral voice

Fundamental to this vision are the dignity of the human person, the social and global common good and the integrity of creation. This vision is rooted in the belief that all persons are created in God's image, carriers of their own human dignity and human rights. It is governments' responsibility to protect and promote the dignity and human rights of all citizens and residents. The human family is bound together in our common human dignity, sisters and brothers called to reflect God's love and compassion to all. Creation is the great gift of God to be shared among all peoples.

This religious vision shapes key moral values that must inform trade and investment policy. Conversely, trade agreements must be judged by these values:

- The dignity of the human person, the oneness of humanity and the integrity of creation;
- The support of the common good of society, with particular attention to the most vulnerable;
- The contribution to social justice, human rights and sustainable human development;
- The rights of people to basic needs, such as water, food, health, education and a stable livelihood;
- The mutual benefit of the trading partners and the participation and of all stakeholders;
- Respect for the role of governments and citizens to determine their own development process and to secure the welfare of all;

Faith Community

The faith community on the FTAA

by Maria Riley, *Center of Concern*

This era of economic integration and trade liberalization brings a particular challenge to faith communities and people of faith. The foundation of "free trade" ideology is based in so-called value-free economic principles. These principles are concerned with economic results in terms of wealth creation and wealth accumulation. They are not concerned about issues that are at the heart of the concerns of faith communities, such as social and economic justice, human rights and the integrity of creation.

Over the past year many voices of protest have been raised against the current direction of globalization and its particular model of economic integration, which is increasing poverty, both between and within nations, diminishing and degrading the earth's resources at an astonishing rate, and ignoring the basic human rights of people. The FTAA is but one of many efforts to move this form of globalization forward.

In the midst of these protests, the communities of faith have a unique and essential role:

- To bring a religious vision and moral voice to the globalization debate;
- To foster a living solidarity among the peoples across the Western Hemisphere; and
- To use their moral power to challenge governments to ensure

\$1 billion in potential lost profits due to a ban imposed by California on a gasoline additive that has been shown to pose serious health risks. For those familiar with the dormant Multilateral Agreement on Investment (MAI), these kinds of investment provisions in the FTAA would essentially become an MAI for the Western Hemisphere. The inclusion of services in the FTAA would have a similar impact. In a number of critical sectors for the environment – energy, transport, water, and waste disposal, among them – the FTAA services chapter could force governments to remove regulations and open their markets without regard to environmental impacts.

The FTAA will also cause direct damage to the environment by rapidly expanding trade in natural resources and other sectors. Forests throughout the hemisphere, especially in Latin America, are already under tremendous pressure. According to one estimate, logging threatens at least 70% of Latin America's intact natural forests. By increasing timber and wood products trade through steep tariff reductions throughout the region, the FTAA will substantially exacerbate the destruction of the hemisphere's forests. Such forest destruction will also threaten the tremendously rich biodiversity of the hemisphere.

Mining is another sector in which trade expansion will likely lead to increased environmental damage. The mining industry throughout the Western hemisphere has already caused harm through toxic wastes, road-building and forest destruction. Trade expansion in mined products will affect many indigenous communities and vulnerable ecosystems.

Expansion of agricultural trade in certain sectors is likely to harm the environment. For example, increased trade in beef could lead cattle ranchers in Latin America to increase their production by clearing valuable forests for new ranch land. The NAFTA experience demonstrates that trade expansion – for instance, in corn – can force small-scale developing country farmers to increase their use of harmful fertilizers and pesticides in an effort to compete with a flood of imported goods.

Finally, the FTAA will harm the environment by increasing the impacts caused by the shipping of goods throughout the hemisphere. Shipping pollution will increase significantly. Sulfur and nitrogen pollution from ocean-going ships, which carry most traded goods, is already at least one-seventh of global air pollution from petroleum sources. Much of that pollution is due to shipping trade among the FTAA countries, and that quantity will increase if a free trade area for the entire hemisphere is enacted. Additionally, international shipping brings with it harmful invasive species, which are estimated to cause more than \$100 billion in damage in the United States alone each year. The FTAA will exacerbate the travel of such species throughout the hemisphere, placing even greater pressure on bio-diversity, as invasive species will frequently displace native ones. The FTAA, as it is currently framed, does nothing to address these serious environmental harms.

In summary, the FTAA will likely be even more disastrous than NAFTA for environments throughout the hemisphere.

Pharmaceutical companies such as Merck and Pfizer have used these rules to quash compulsory licensing mechanisms, which allow drugs to be manufactured in another country in exchange for a fee for "renting" the patent. This monopoly control allows pharmaceutical corporations to keep drug prices high and block production of generic versions of life-saving drugs, which spells disaster for the poor.

If modeled on NAFTA, the FTAA intellectual property rules will likely undermine the ability for countries like Brazil, which has a federal policy of providing free locally-manufactured HIV drugs to its citizens, to respond to health crises such as the AIDS epidemic. These NAFTA rules also allow companies to "bio-prospect" and patent traditional medicines that are considered "traditional knowledge," effectively robbing indigenous people of their cultural heritage. In response to problems with bio-prospecting, the indigenous community in Southern Mexico declared Chiapas a "bio-piracy free zone."

provision of "national treatment." Under national treatment rules, a government cannot discriminate against a foreign company. When applied to public services, this could prevent government subsidies for public education or health care unless the same subsidies are offered to the foreign company. This would allow for-profit corporations to "cherry-pick" public services that are potentially profitable and leave the rest to be financed by taxpayers. All public services could be affected, including prisons, water, electricity, education, roads, the justice system, and many others.

Health Care and Affordable Medicines

The United States is the only industrialized country without some form of national health insurance. As a result, over 43 million people in the United States lack health coverage, and those that are insured have many problems with the corporate managed care that dominates healthcare. Partly to promote the export of health services by US-based corporations, the US trade negotiators insisted that WTO agreements cover services, resulting in the GATS. With corporations like CIGNA and Aetna already skimming the cream by providing health services to those who can afford it in Latin American countries, the US negotiators will no doubt press hard for FTAA rules that expand the market and protect the profits of these and similar corporations.

Pharmaceutical companies are also benefiting from NAFTA and the WTO agreements, which use rules on intellectual property and patents to make it easier for these corporations to control the price and distribution of drugs, preventing people from obtaining affordable essential medicines.

Under NAFTA, these intellectual property rights give a corporation with a patent in one country the monopoly rights to market the item throughout the region. These rules are enforced with cash fines and criminal penalties, making them even stricter than the WTO rules, which require member countries to provide 20-year patents on pharmaceutical products. The US FTAA negotiators are now trying to expand NAFTA's corporate protectionism rules on patents to the whole hemisphere.

Agriculture

How will the FTAA impact agriculture?

by Steve Suppan, *Institute for Agriculture & Trade Policy*

A clear understanding of the potential impact of the FTAA on agriculture requires an understanding of US agricultural policy. For the past 20 years, US policy has depressed agricultural commodity prices with the stated aim of increasing US market share in agricultural trade; although, US market share has actually fallen in major grains during this period. Furthermore, from 1995 to 2000, US average farmgate prices dropped 33 percent for corn, 42 percent for wheat, 34 percent for soybeans, and 42 percent for rice, while production costs skyrocketed. Although only 30 percent of US agricultural production is traded internationally, 100 percent of US agricultural policy is dedicated to dropping farmgate prices to "world prices" that continue to devastate farmers and rural communities and, as a result of NAFTA, this devastation extends to farmers in Mexico.

In fiscal year 2000, the US government paid \$28 billion in subsidies, mostly to large landowners. These payments, mandated under the so-called "Freedom to Farm" legislation of 1996, comprised 49 percent of net farm income in 2000, and provided the essential liquidity for US agriculture at the farmgate level. The payments kept large farm operations in business and allowed US agribusiness to continue to pay below cost-of-production prices for agricultural raw materials. Not surprisingly, representatives of such corporate farms and agribusiness formulated and support Freedom to Farm, and will largely design FTAA agricultural proposals. Given the dependence of agribusiness on US taxpayer subsidies and given that agribusiness makes US agriculture trade

policy, FTAA negotiators should expect no concessions from the United States on domestic support issues, nor a frank discussion of how such supports help agribusiness exports undersell Latin America and Canadian producers.

Recently released negotiating positions from the office of the US Trade Representative outline the US position on agriculture. First, the United States proposes "to establish mechanisms to prevent agricultural products from being exported to the FTAA by non-FTAA countries with the aid of export subsidies." (The United States, for the most part, does not use export subsidies.) This proposal is targeted at the EU, the largest user of such subsidies, and is designed to weaken trade between the EU and Latin America, particularly with the Mercosur bloc. A recent study by the Organization for Economic Cooperation and Development suggested that the end of export subsidies would not improve global agricultural markets. Nevertheless, the United States can be expected to continue to demonize export subsidies.

Second, and more importantly, the United States hopes that its offers of market access for commodities that aren't widely produced in the United States will convince Latin American countries to make concessions in most, if not all, other negotiating groups. The US proposal for agricultural market access has been developed jointly with the Market Access Negotiating Group according to the dogma that all economic sectors must be treated equally. This dogma ignores the unequal effects of trade policy, e.g. subsidized agricultural imports that systematically undersell domestic producers and force them off the land do not have the same impact as the import of luxury goods not produced in the importing country. Mexico under NAFTA is an excellent example. Over a million small and medium sized farmers have been forced off their land because they are unable to compete with corn producers in the United States.

Most Latin American countries depend on agricultural exports for a large part of total export revenues. This places the United States in a very strong position to leverage this negotiating chip

In early January 2000, the World Bank insisted that Bolivia privatize the water services in Cochabamba, Bolivia's third largest city, as a condition for receiving a loan to increase the available water supply. The contract went to a private consortium led by Bechtel, a transnational corporation headquartered in San Francisco. Local cooperative water distribution systems were banned. Water became unaffordable as prices increased by as much as 200%. An alliance of factory workers, farmers, students, environmentalists and peasants took to the streets in protest. Eight people were killed when the police fired on thousands of protesters. Finally, the President was forced to rescind the contract.

But the privatization agenda extends its reach to industrialized countries as well. This agenda is clearly set forth by the US Coalition of Service Industries, which is pushing for privatization of services worldwide, declaring that they want "a contestable, competitive market." Their agenda is supported by corporate funded think tanks, which describe the gains from privatization as cost savings for consumers and taxpayers, increased efficiency, and higher quality of services.

Tell this to California ratepayers who, as a result of the state implementing electricity deregulation, have seen their electric rates skyrocket. In San Diego, electric bills increased by almost 300% when the cap on consumer rates was removed after electric companies sold off their power generating plans. Gone were the requirements that electric utilities build enough generating capacity to maintain adequate reserve margins. Gone were public hearings where consumer advocates could argue for affordable utility rates before the state public service commission. Now rates on the spot market have gone so high that out-of-state aluminum and fertilizer companies can earn more profit by selling their cheap allocations of hydropower to California utilities at inflated market rates than they can earn by continuing to produce their products. Clearly, the most important gain from privatization is increased corporate profits.

Under the FTAA, privatization will likely be extended under the

require countries to shift from producing food for local consumption to producing export commodities, such as "designer vegetables" and cut flowers, in order to generate the cash needed for making interest payments on loans. These changes have displaced millions of peasants off their land, forcing them to migrate to find work.

In his book, *The Eyes of the Heart*, Haitian President Jean-Bernard Aristide describes the devastating effects of free trade policies advocated by the World Bank and the IMF. Until recently, Haitian farmers grew most of the rice, the main staple food, needed to feed the country. Only 7,000 tons were imported in 1986. In the late 1980's, after Haiti complied with the IMF mandate to lift tariffs on imported rice, highly subsidized rice grown in the United States flooded into Haiti. Roughly 40% of US rice farmers' profits came directly from US government subsidies. By 1986, Haiti was importing 196,000 tons of rice at the cost of \$100 million per year. Haitian rice farmers were wiped out. Once the dependence on foreign rice was complete, import prices began to rise, leaving Haiti's population, particularly the urban poor, completely at the whim of rising grain prices.

Essential Services

The FTAA, following down the road paved by NAFTA and the WTO's General Agreement on Trade and Services (GATS), will likely promote further deregulation, hasten the intrusion of corporations into public functions like education, and facilitate the transfer of more and more government services from public ownership to private control. Given that negotiations are underway to further expand the reach of GATS and that regional agreements like the FTAA must go further than the WTO agreements, there is every reason to be pessimistic about the outcome of the FTAA negotiations if services are to be included.

The FTAA will lock in place the structural adjustment policies in Latin America promoted by the IMF and World Bank which have forced indebted developing countries to privatize essential public services such as water, electricity, and health care.

against Latin American countries devastated by neoliberal "reforms" implemented since the 1960's. While Latin American economies grew by about 75 percent aggregate from 1960-1979, the past two decades have seen only six percent growth under neoliberal Structural Adjustment Policies.

Mercosur negotiators have tried to develop a common "harvest and crop administration plan" for Brazil, Argentina, Paraguay and Uruguay. But this degree of cooperation will be severely tested by the need to export despite prevailing low prices. Further strengthening the US hand is the use of sanitary and phyto-sanitary (SPS) inspections for pesticide residue and other health issues. US inspectors reject about a third of all Latin American agricultural exports inspected. Under the FTAA, the United States will likely require conformity with the World Trade Organization's SPS agreement. In most Latin American countries SPS budgets have been crippled by Structural Adjustment Programs that mandate reductions in government budgets. As a result, few exporters can meet these standards. Despite these many negotiating advantages, without "fast track" trade negotiating authority, the United States may have difficulty obtaining agreement to this set of proposed policies whose predecessors have contributed to the ruin of small and medium-sized US farmers, and a million Mexican farmers.

Consumers and Food Safety

How will the FTAA impact consumers & food safety?

by Juliette Beck, *Global Exchange*

Industry representatives are now using trade talks as a platform for weakening or outright removing regulatory standards that differ from country to country and may interfere with corporate profits. Country-specific regulations are often attacked under trade rules as "unnecessary barriers to trade" and "more burdensome than necessary." Uniform global standards, often set by industry, are promoted to achieve "harmonization" of country specific standards. Harmonization and other regulatory changes resulting from the World Trade Organization and NAFTA agreements have already occurred in many areas that effect our daily life by weakening standards regulating everything from pesticide residues on produce, to truck safety inspection guidelines, to informational labeling on products. FTAA will accelerate this "race to the bottom."

Health and Food Safety

NAFTA, which increased trade in food products by lowering tariffs, does not require member countries to maintain minimum levels of food safety standards and treats higher standards in importing countries as illegal barriers to trade.

For example, meat and poultry imports that do not meet US safety standards are imported under NAFTA and sold throughout the United States. The increase of imported fruits and vegetables

from Mexico under NAFTA coincided with severe cuts in Mexico's domestic food inspection budget, part of the Structural Adjustment programs forced on Mexico by the IMF to shrink government. In 1992, Mexico's spending on food safety was US \$25 million. By 1995 it was slashed to US \$5 million. Similarly, cash strapped governments in the Americas are unlikely to spend much money on food safety and agricultural inspection. If the FTAA is modeled on NAFTA, these problems will intensify.

Pesticides and agricultural chemicals banned in the U.S. are often marketed and sold to countries in the Global South. Not only is it unethical to expose other countries' ecosystems and agricultural workers, such as banana farmers in Central America, to lethal chemicals, but expanded trade without regulations to protect consumers means that families in the United States end up eating imported food with toxic chemical residues.

One of the main arguments used to support free trade is the promise of lower prices on consumer goods. Tariff cuts and new competition under NAFTA was supposed to benefit consumers by reducing costs. Yet in a number of prominent instances under NAFTA, consumer prices have actually risen.

* The 62% decline in hog prices in the U.S. has failed to reach the nation's consumers who pay more for a pound of pork now than they did five years ago.

* The price of tomatoes have risen 16% in real terms since NAFTA went into effect in 1993 despite the imports from Mexico where labor is cheaper.

Food Security

The United Nations defines food security as the ability of households, localities, regions, and nations to buy or grow food of sufficient quantity, variety and quality to meet nutritional needs. Even such proponents of "free" trade in agricultural goods as the International Food Policy Research Institute acknowledge that food security has been declining in Latin America for the last fifteen years. The World Bank and the International Monetary Fund